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C O N F I D E N T I A L SECTION 01 OF 03 DOHA 000219

SIPDIS

E.O. 12958: DECL: 03/28/2029

TAGS: [PREL](#) [ECON](#) [PGOV](#) [QA](#)

SUBJECT: QATAR'S IRAN POLICY OUTLINED AS EU-USG DEMARCHE ON
IRAN (FINALLY) DELIVERED

REF: 2008 SECSTATE 128901

Classified By: Classified by: Amb. Joseph LeBaron, reasons 1.4 (b) and
(d).

Key Points

-- It took over three months to arrange a meeting, but two EU ambassadors (German and Italian), two EU charges (British and French) plus the US Ambassador delivered March 26th common points on Iran covering three major issues: terrorist finance, nuclear weapons, and energy development.

-- The MFA's State Minister, Ahmad al-Mahmoud, attended by three MFA notetakers, listened to the demarche attentively, making notes himself, from which he made several key points in response:

-- Nuclear: Qatar has two essential concerns in this area: that Iran acquires the bomb, or that Iran is bombed. Qatar is very worried about, and opposes, both. "We are in trouble if Iran gets the bomb."

-- Terrorist Finance: Qatar will continue to support actively all relevant UNSCR resolutions, including UNSCR 1737 (2006), UNSCR 1747 (2007) and UNSCR 1803 (2008).

-- Oil and Gas Development: Qatar supports dialogue with Iran, not the isolation of Iran. (Qatar publicly welcomed President Obama's reason overture to Iran.) Al-Mahmoud mused about finding some mutual development project that Western and Gulf countries could negotiate with Iran, thus helping induce Iran not to develop nuclear weapons. Ambassador interjected at this point, reminding him of the Iran Sanctions Act.

Comments

-- Al-Mahmoud's comments constitute a useful overview of Qatar's official foreign policy towards Iran.

-- His remarks underscore yet again that Qatar's relationship with Iran is, at its core, rooted in fear. Iran, much larger and much more powerful, shares an offshore gas field of enormous size and consequence to Qatar and its future generations.

-- Qatar knows that Iran is well positioned to destroy Qatar's future, if and when Iran so chooses. So much in the Qatar-Iranian relationship can be explained by that certain knowledge.

End Key Points and Comments.

¶1. (C) The German Ambassador, Dr. Dirk Baumgartner, delivered the points on nuclear issues. (See his talking points below in para. 9.)

¶2. (C) Before Al-Mahmoud responded to Ambassador Baumgartner's points, he described Qatar's general policy towards Iran:

-- Qatar's relationship with Iran is founded on certain immutable, existential facts: "we will be neighbors forever," he said. Qatar's most important national hydrocarbon asset, the North Field, is shared with Iran.

-- If Qatar were to make Iran an enemy, Qatar would be sacrificing its national security. "We cannot and will not do that."

-- That is why Qatar followed a policy of neutrality in the Iraq-Iran War. "No one would have helped us, if Iran demanded compensation from us for its war losses." Even though Qatar was neutral, "we were attacked by Iraq." (Note: Two Iraqi missile strikes occurred in Qatar during that war.)

-- Qatar supports dialogue with Iran, not the isolation of Iran. Accordingly, Qatar publicly welcomed President Obama's reason overture to Iran.

-- "But we worry about a deal by the United States with Iran behind our back, without consulting, without even telling us."

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Nuclear

¶3. (C) Turning to nuclear issues specifically, Al-Mahmoud said:

-- Qatar has two essential concerns in this area: that Iran acquires the bomb, or that Iran is bombed. Qatar is very worried about, and opposes, both. "We are in trouble if Iran gets the bomb."

-- Qatar supports the region's development of peaceful nuclear energy; it also believes the region, including Israel, should be a nuclear weapon free zone.

¶4. (C) Italian Ambassador Andrea Ferrari presented the common points on energy development. (See para. 10 for those points.)

Oil and Gas Development

¶5. (C) Al-Mahmoud's response:

-- "I understand the concerns you have about Iran developing its oil and gas, but I don't understand why Qatar is criticized so much about its relations with Iran, when our Arab neighbors have much stronger (trade) relations."

-- Qatar's annual exports to Iran are less than \$40 million, Al-Mahmoud said; other GCC states annually export more than \$1 billion. "Iran criticizes us all the time for not doing more trade with Iran," commented Al-Mahmoud, who represents Qatar in a Qatar-Iran joint commercial committee.

-- Al-Mahmoud then mused about finding some mutual development project that Western and Gulf countries could negotiate with Iran, thus helping induce Iran not to develop nuclear weapons. US Ambassador interjected at this point,

reminding him of the Iran Sanctions Act.

Terrorist Finance

¶6. (C) US Ambassador delivered the point on terrorist finance. (Please see para. 11.)

¶7. (C) In response, Al-Mahmoud assured the EU-US delegation that Qatar will continue to support actively all relevant UNSCR resolutions, including UNSCR 1737 (2006), UNSCR 1747 (2007) and UNSCR 1803 (2008).

¶8. (C) That said, Qatar will not seek to isolate Iran, he continued, but to have a friendly relationship with Iran that is consistent with UNSCR resolutions.

-- Apropos of the latter element, Qatar has denied the request by Bank Melli Iran to establish a branch office in Doha (note: previously reported).

¶9. (SBU) Key Talking points on the Nuclear Issue:

-- The most recent IAEA report (November) was very worrying and demonstrated how uncooperative Iran is being with the IAEA. The report confirmed that Iran had failed to suspend enrichment-related activities and had failed to answer questions on studies with possible military dimensions.

-- 2009 will be a crucial year. Key is to maintain a focus on the dual-track strategy to confront Iran with a real choice between confrontation and cooperation.

-- Need to show that the dual track approach is the right one. We hope that Iran will begin to engage actively and credibly and accept the latest offer which was, genuinely, extremely generous. But the pressure track will remain important if Iran is to weigh the true costs and benefits of the situation.

-- What's missing is real pressure. If we don't bring about a change in Iranian behavior, we will be faced with an ever-increasing threat. What we must avoid is the catastrophic alternative between an Iranian bomb and Iran's bombing, especially since others may be tempted to take direct action.

-- That means strong public messaging and a credible

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sanctions track. It is important not to send the wrong signal to the regime that it's business as usual. We need to send Tehran a clear signal that if they do not change their policies they will face further isolation, and that uncooperative behavior will not be rewarded.

-- Important to do all we can to support the UN track. EU will be reviewing existing asset freeze and visa ban lists. We (UK, France, Germany, Italy and US) are also working on coordinated national measures - we need to support the shared aims of the international community in any way we can. Would appreciate any support you can give.

¶10. (SBU) Key Talking Points on Oil and Gas Development

-- Major new deals with Iran, especially those involving investments in Iran's oil and gas sectors, undermine global efforts to compel Iran's compliance with its international obligations.

-- Such deals suggest to the Iranian regime that the international community is willing to take a "business as usual" approach with respect to its relations with Iran, despite Iran's continuing pursuit of nuclear weapons capability and failure to cooperate fully with the

International Atomic Energy Agency (IAEA).

-- They also undermine the P5 1's June 2008 offer of enhanced economic and energy engagement as an inducement for Iranian compliance, impeding efforts to achieve a diplomatic solution to international concerns.

-- Companies in Qatar should ask themselves whether they want to do business with a country already under sanctions from three UNSC Chapter 7 resolutions, sanctions that were reaffirmed by the UN Security Council on 27 September 2008 with the unanimous adoption of UNSCR 1835.

-- The business and reputational risk presented by engaging in such deals with Iran is significant, as a result of its defiance of international normative standards of behavior. Iran's credit risk rating has gone up, and many banks have stopped issuing letters of credit to companies seeking to do business with Iran.

-- We encourage your government to discourage domestic firms from entering into new energy investments with Iran.

11. (SBU) Key Talking Points on Terrorist Finance

-- Full implementation of UN Security Council Resolutions (UNSCRs) by all members of the international community is critical to addressing the threat posed by Iran.

-- We have been working with the banking sector on implementation of the Iran-related UNSCRs, as this sector is vulnerable to the risk of facilitating Iranian proliferation activities as well as potential ML/FT activities. We draw your attention to the reputational risk involved as well as the existing penalties in case of illicit activities.

-- Financial vigilance measures are extremely important. A number of financial vigilance obligations have been defined against proliferation finance and Iran, as well as AML/FT.

-- We are increasingly concerned that the financial sector is being exploited for activities by the UN or that Iranian entities designated by the UN use deceptive activities.

-- To avoid providing financial services prohibited by the UN Security Council, we ask that you review services Qatar's financial institutions may provide to Iranian companies or projects in Iran operated by other companies and its relationships, in particular correspondent banking relationship, with Iranian banks as well as financial institutions controlled by Iranian entities.

LeBaron